

**OUACHITA ECONOMIC
DEVELOPMENT CORPORATION
AND AFFILIATE**

**CONSOLIDATED FINANCIAL REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-18-07

OUACHITA ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATE

CONSOLIDATED FINANCIAL REPORT
DECEMBER 31, 2006

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MARTIN, HARRISON & SMALLWOOD, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

June 29, 2007

The Board of Directors
Ouachita Economic Development Corporation
Monroe, Louisiana

We have audited the accompanying consolidated statements of financial position of Ouachita Economic Development Corporation (a Non-profit Corporation) and affiliate as of December 31, 2006 and 2005, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the Louisiana Government Audit Guide, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ouachita Economic Development Corporation and affiliate as of December 31, 2006 and 2005, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 29, 2007, on our consideration of Ouachita Economic Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Board of Directors
Ouachita Economic Development Corporation
June 29, 2007
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Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements of Ouachita Economic Development Corporation and affiliate taken as a whole. The accompanying financial information listed as Other Supplementary Information in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

Martin, Harrison & Smallwood, LLP

OUACHITA ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31	
	2006	2005
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 419,248	\$ 452,669
Investments	351,696	48,757
Accounts Receivable	3,034,394	219,767
Accrued Interest Receivable	2,063	576
Prepaid Expenses	10,670	23,632
Total Current Assets	3,818,071	745,401
Temporarily Restricted Assets:		
Funding for Next Fiscal Year:		
Unconditional Promise to Give	16,667	166,667
Total Temporarily Restricted Assets	16,667	166,667
Fixed Assets:		
Office Furniture, Equipment, and Automobile	122,086	122,086
Less: Accumulated Depreciation	99,621	88,175
Assets Held for Future Sale	159,810	3,250,000
Net Fixed Assets	182,275	3,283,911
TOTAL ASSETS	\$ 4,017,013	\$ 4,195,979
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 23,890	\$ 17,255
Accrued liabilities	1,121	10,024
Notes Payable - Current	5,125	4,885
Total Current Liabilities	30,136	32,164
Long-Term Liabilities:		
Notes Payable - Long Term	2,664	7,372
Total Long-Term Liabilities	2,664	7,372
TOTAL LIABILITIES	32,800	39,536
NET ASSETS		
Unrestricted	3,967,546	3,989,776
Temporarily Restricted	16,667	166,667
Total Net Assets	3,984,213	4,156,443
TOTAL LIABILITIES AND NET ASSETS	\$ 4,017,013	\$ 4,195,979

The accompanying notes are an integral part of these financial statements.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES

UNRESTRICTED NET ASSETS	FOR THE YEAR ENDED DECEMBER 31	
	2006	2005
Support		
State Farm Insurance Company	\$ -	\$ 3,450,000
City of Monroe	33,333	33,333
Ouachita Parish Police Jury	-	75,000
State of Louisiana	126,480	77,198
Monroe/West Monroe Convention & Visitors Bureau	-	8,000
Private Funding	87,035	99,815
Rivertown Revenue	-	14,535
Renewal Community, Private & Other	-	3,150
Rent - State of Louisiana Dept. of Social Services	294,618	308,000
Interest Income	15,317	936
Damages Received from American Red Cross	-	225,000
Other Income	5,571	4,688
	562,354	4,299,655
NET ASSETS RELEASED FROM RESTRICTIONS		
Ouachita Parish Police Jury Funding/City of Monroe	166,667	91,667
Total Reclassifications	166,667	91,667
	729,021	4,391,322
EXPENSES		
Operating		
Personnel Costs	270,707	341,519
Marketing and Communication	6,066	28,220
Research	-	720
Professional Development	823	95
Strategic Planning	8,000	275
Loss on Sale of Assets	90,190	-
Total Operating Expenses	375,786	370,829
Administrative Expenses	375,465	225,758
	751,251	596,587
Increase in Unrestricted Net Assets	(22,230)	3,794,735
TEMPORARILY RESTRICTED NET ASSETS		
Ouachita Parish Police Jury Funding	-	150,000
City of Monroe Funding	16,667	16,667
Net Assets Released From Restrictions		
Ouachita Parish Police Jury Funding/City of Monroe	(166,667)	(91,667)
	(150,000)	75,000
INCREASE (DECREASE) IN NET ASSETS	(172,230)	3,869,735
NET ASSETS - BEGINNING OF YEAR	4,156,443	286,708
NET ASSETS - END OF YEAR	\$ 3,984,213	\$ 4,156,443

The accompanying notes are an integral part of these financial statements.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS

	FOR THE YEAR ENDED DECEMBER 31	
	2006	2005
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase (Decrease) in Net Assets	\$ (172,230)	\$ 3,869,735
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	11,446	10,143
Changes in Assets and Liabilities:		
Unconditional Promises to Give	150,000	(75,000)
Accrued Interest Receivable	(1,487)	(309)
Prepays and Other	12,962	(18,829)
Accounts Receivable	(2,814,627)	(219,767)
Accounts Payable	6,635	15,477
Accrued Liabilities	(8,902)	9,255
Total Adjustments	(2,643,973)	(279,030)
Net Cash (Used) Provided by Operating Activities	(2,816,203)	3,590,705
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash Proceeds (Purchase) of Investments	(302,940)	40,000
Purchase of Furniture and Equipment	-	(14,983)
Sale of Assets Held for Sale	3,090,190	-
Fair Market Value of Donated Assets	-	(3,250,000)
Net Cash (Used) Provided by Investing Activities	2,787,250	(3,224,983)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payments on Long-Term Debt	(4,468)	(4,636)
Net Cash (Used) by Financing Activities	(4,468)	(4,636)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALEN	(33,421)	361,086
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	452,669	91,583
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 419,248	\$ 452,669
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	\$ 508	\$ 776

The accompanying notes are an integral part of these financial statements.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Ouachita Economic Development Corporation (the Corporation) is a non-profit organization, which was incorporated on April 26, 1989, as the Ouachita Enterprise Corporation, for the purpose of "promoting the Parish of Ouachita and further to promote and develop economic development in the Parish of Ouachita".

On June 18, 1997, the name of the Corporation was changed to Ouachita Economic Development Corporation to more accurately reflect the purpose of the non-profit organization.

On August 1, 2005, the Ouachita Economic Development Corporation formed a new corporation by the name of OEDC Land Corporation. The objective and purpose of this new corporation is to promote, assist and benefit the mission of the Ouachita Economic Development Corporation, and to act as a primary and ongoing funding source for it; by engaging in any lawful activities which a non-profit corporation meeting the requirements of Section 501(C)(3) of the Internal Revenue Code of 1986.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Ouachita Economic Development Corporation and OEDC Land Corporation. Ouachita Economic Development Corporation has both an economic interest in OEDC Land Corporation and control of its governing board. All material interorganization transactions have been eliminated.

BASIS OF ACCOUNTING AND PRESENTATION

The consolidated financial statements of the Corporation have been prepared on the accrual basis of accounting. The significant accounting policies followed by the Corporation are described below to enhance the usefulness of the financial statements to the reader.

REVENUE RECOGNITION

Support from local governmental entities is paid throughout each entity's fiscal year. It is the Corporation's policy to recognize this support in the period declared. Support from local businesses is recognized in the period received.

FURNITURE AND EQUIPMENT

Furniture and equipment are stated at cost if purchased or estimated fair market value if donated. Expenditures for maintenance and repairs are charged to expense. Renewals and betterments that materially extend the life of the assets are capitalized. Depreciation is computed for financial statement purposes on the straight-line basis over the estimated useful lives of the related assets, which generally are either eight years for furniture and fixtures and five years for office equipment.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PERVASIVENESS OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

INCOME TAX STATUS

The Corporation is a non-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

ACCOUNTING PRONOUNCEMENTS

The Corporation adopted Statements of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made, and No. 117, Financial Statements of Not-For-Profit Organizations effective January 1, 1996. In accordance with SFAS 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the nature and/or existence of any donor-imposed restrictions. SFAS 116 requires that such contributions be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the related time restriction. Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

STATEMENT OF CASH FLOWS

For purposes of the Consolidated Statement of Cash Flows, the Corporation considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Agency transactions for flow-thru grants are included in the Consolidated Statement of Cash Flows.

ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management does not feel that an adjustment should be made for uncollectible accounts due to the nature of the receivables.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 2 – CASH AND INVESTMENTS

The Corporation's cash and investments consist of funds on deposit with area financial institutions. The investment amounts at December 31, 2006 and 2005, are \$351,696 and \$48,757, respectively. These investments consist of certificates of deposits with average interest rates of 5.04% for 2006, and 2.868% for 2005. The carrying values of these investments approximate their market value.

The Corporation maintains cash balances at several financial institutions located in Ouachita Parish. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. The Corporation's uninsured cash balances total \$328,498 and \$311,190, for December 31, 2006 and 2005, respectively.

NOTE 3 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consists of \$16,667 to be received from the City of Monroe at December 31, 2006, which is presented as "Temporarily Restricted Assets". Unconditional promises to give for the year ended December 31, 2005, consisted of \$150,000 received from the Ouachita Parish Police Jury and \$16,667 received from the City of Monroe. These are also presented as "Temporarily Restricted Assets" for 2005.

NOTE 4 – OPERATING LEASES

The Corporation has a five-year operating lease with an effective date of June 1, 2002, for its office space. The monthly payment is \$1,845. Future minimum lease payments under this lease are \$12,915 in 2007.

NOTE 5 – NOTES PAYABLE

On June 10, 2003, the Corporation entered into a five-year loan with Ford Motor Credit Company in monthly installments of \$451. The loan is secured by 2003 Ford Crown Victoria. The principal balance outstanding at December 31, 2006 and 2005, is \$7,789 and \$12,257, respectively.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 5 - NOTES PAYABLE (Continued)

The Corporation's obligation under this note payable consist of the following:

	<u>2006</u>	<u>2005</u>
5.25% note payable, due in monthly installments of \$451.00, including interest, through July 10, 2008, secured by a lien on a 2003 Ford Crown Victoria.	\$7,789	\$12,257
Total Notes Payable	<u>\$7,789</u>	<u>\$12,257</u>

The future scheduled maturities of long-term debt are as follows:

Years ending December 31:	
2007	\$ 5,125
2008	<u>2,664</u>
	<u>\$ 7,789</u>

NOTE 6 - CONCENTRATIONS OF CREDIT RISK

Approximately 6% and 3%, respectively, of the revenues recognized in 2006 and 2005 were from the local governments, being the City of Monroe and the Ouachita Parish Police Jury. One hundred percent of the unconditional promises to give at December 31, 2006 and 2005 were from the same funding sources. The Corporation does not require any collateral in support of promises to give.

NOTE 7 - EMPLOYEE PENSION PLAN

The Corporation provides a simplified employee pension plan for eligible employees. To participate in the plan, employees must be at least 21 years of age, employed one year and have received at least \$396 in compensation for services during the current year. The Corporation contributes 6% of participating employees' earnings. The Corporation contributed \$9,963 and \$10,140 for the years ended December 31, 2006 and 2005.

NOTE 8 - RISK OF LOSS

The Corporation is exposed to a variety of risks that may result in losses. These risks may include possible loss from acts of God, injury to employees, property damage, or breach of contract. The Corporation finances these potential losses through purchasing insurance. The level of coverage has remained constant. At this time, there are no known claims against the Corporation.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 9 – CONTINGENT LIABILITIES

Under the Corporation's personnel policies, all unused vacation and sick leave lapse as of December 31. Therefore, no accrual is necessary for compensated absences.

NOTE 10 – INTER-ORGANIZATION TRANSACTIONS

When consolidating the Ouachita Economic Development Corporation and the OEDC Land Corporation, certain transactions between the two entities were eliminated to achieve the consolidated financial statements. The OEDC Land Corporation paid the Ouachita Economic Development Corporation \$5,391 in management fees during the year ended December 31, 2006. The expense on OEDC Land Corporation and the related revenue on Ouachita Economic Development Corporation for these fees were eliminated. Also, the Ouachita Economic Development Corporation made a transfer to the OEDC Land Corporation of assets held for sale in the amount of \$3,250,000. This transfer was eliminated for consolidation purposes.

NOTE 11 – RELATED PARTIES

The Ouachita Economic Development Corporation keeps an inventory of all properties that are available in the area for possible sites in which new businesses could locate. This is done to promote and facilitate the economic development of the area.

One of the properties in this inventory is owned by one of the board of directors of the Ouachita Economic Development Corporation.

NOTE 12 – DISPOSAL LOSS IN CONTINUING OPERATIONS

A loss is recognized in operating expenses due to a sale of an asset held for sale. These assets were reported in 2005 as assets held for sale in the amount of \$3,250,000. It was determined in 2006 that the assets needed to be separated down into two groups for the assets to be sold. In December 2006, one of these groups was sold for \$3,000,000. This group had a cost basis of \$3,090,190, which resulted in a \$90,190 loss. The additional assets held for sale are expected to be sold within a year. These assets total \$159,810.

OTHER SUPPLEMENTARY INFORMATION

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31	
	2006	2005
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 220,643	\$ 41,479
Investments	50,493	48,757
Accounts Receivable	31,198	94,767
Accrued Interest Receivable	991	576
Prepaid Expenses	9,138	6,118
Total Current Assets	312,463	191,697
Temporarily Restricted Assets:		
Funding for Next Fiscal Year:		
Unconditional Promise to Give	16,667	166,667
Total Temporarily Restricted Assets	16,667	166,667
Fixed Assets:		
Office Furniture, Equipment, and Automobile	119,912	119,912
Less: Accumulated Depreciation	98,715	87,994
Assets Held for Future Sale	-	3,250,000
Net Fixed Assets	21,197	3,281,918
Other Assets:		
Due from OEDC Land Corporation	-	13,909
TOTAL ASSETS	\$ 350,327	\$ 3,654,191
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 10,487	\$ 2,539
Accrued liabilities	765	1,107
Notes Payable - Current	5,125	4,885
Total Current Liabilities	16,377	8,531
Long-Term Liabilities:		
Notes Payable - Long Term	2,664	7,372
Total Long-Term Liabilities	2,664	7,372
TOTAL LIABILITIES	19,041	15,903
NET ASSETS		
Unrestricted	314,619	3,471,621
Temporarily Restricted	16,667	166,667
Total Net Assets	331,286	3,638,288
TOTAL LIABILITIES AND NET ASSETS	\$ 350,327	\$ 3,654,191

The accompanying notes are an integral part of these financial statements.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES

	FOR THE YEAR ENDED DECEMBER 31	
	2006	2005
UNRESTRICTED NET ASSETS		
Support		
State Farm Insurance Company	\$ -	\$ 3,450,000
City of Monroe	33,333	33,333
Ouachita Parish Police Jury	-	75,000
State of Louisiana	126,480	77,198
Monroe/West Monroe Convention & Visitors Bureau	-	8,000
Private Funding	87,035	99,815
Rivertown Revenue	-	14,535
Renewal Community, Private & Other	-	3,150
Interest Income	4,694	936
Management Fees	5,391	-
Other Income	5,571	4,688
Total Unrestricted Support and Revenue	262,504	3,766,655
NET ASSETS RELEASED FROM RESTRICTIONS		
City of Monroe Funding	16,667	-
Ouachita Parish Police Jury Funding	150,000	91,667
Total Reclassifications	166,667	91,667
Total Unrestricted Support, Revenue, and Reclassifications	429,171	3,858,322
EXPENSES		
Operating		
Personnel Costs	235,902	275,032
Marketing and Communication	6,066	28,220
Research	-	720
Professional Development	823	95
Strategic Planning	8,000	275
Total Operating Expenses	250,791	304,342
Administrative Expenses	85,382	77,400
Transfer Out to OEDC Land Corporation	3,250,000	200,000
Total Expenses	3,586,173	581,742
Decrease in Unrestricted Net Assets	(3,157,002)	3,276,580
TEMPORARILY RESTRICTED NET ASSETS		
Ouachita Parish Police Jury Funding	-	150,000
City of Monroe Funding	16,667	16,667
Net Assets Released From Restrictions		
Ouachita Parish Police Jury Funding/City of Monroe	(166,667)	(91,667)
Increase (Decrease) in Temporarily Restricted Net Assets	(150,000)	75,000
INCREASE (DECREASE) IN NET ASSETS	(3,307,002)	3,351,580
NET ASSETS - BEGINNING OF YEAR	3,638,288	286,708
NET ASSETS - END OF YEAR	\$ 331,286	\$ 3,638,288

The accompanying notes are an integral part of these financial statements.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
SCHEDULES OF OPERATING EXPENSES

	FOR THE YEAR ENDED DECEMBER 31	
	2006	2005
PERSONNEL COSTS		
Wages and Salaries	\$ 189,349	\$ 232,002
Temporary Office Help	5,210	2,916
Payroll Taxes	15,603	17,765
Retirement	9,963	10,140
Insurance	15,777	12,209
Total Personnel Costs	<u>235,902</u>	<u>275,032</u>
MARKETING AND COMMUNICATION		
Materials	-	537
Entertainment	50	-
Recruiting	896	-
Rivertown	-	13,438
Advertising	72	4,667
Travel and Lodging	-	3,466
Allied Operations	4,197	4,284
Professional Services	100	1,828
State Farm Building Expense	751	-
Total Marketing and Communication	<u>6,066</u>	<u>28,220</u>
RESEARCH		
Travel and Lodging	-	720
Total Research	<u>-</u>	<u>720</u>
PROFESSIONAL DEVELOPMENT		
Travel and Lodging	533	95
Tuition and Fees	290	-
Total Professional Development	<u>823</u>	<u>95</u>
STRATEGIC PLANNING		
Meetings	-	275
Consultants	8,000	-
Total Strategic Planning	<u>8,000</u>	<u>275</u>
TOTAL OPERATING EXPENSES	<u><u>\$ 250,791</u></u>	<u><u>\$ 304,342</u></u>

The accompanying notes are an integral part of these financial statements.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
SCHEDULES OF ADMINISTRATIVE EXPENSES

	FOR THE YEAR ENDED DECEMBER 31	
	2006	2005
OFFICE EXPENSES		
Rent	\$ 21,756	\$ 20,833
Telephone	9,532	10,573
Bank Charges	90	10
Postage	1,124	1,149
Supplies	4,678	4,005
Dues and Subscriptions	80	1,265
Insurance - Office	4,230	4,730
Legal and Professional Fees	11,662	10,608
Total Office Expenses	53,152	53,173
 EQUIPMENT MAINTENANCE AND RENTAL	 3,160	 2,135
 TRAVEL		
Meetings	2,279	2,466
Insurance - Auto	1,835	1,489
Interest - Auto	508	776
Gas, Mileage and Maintenance	4,261	7,224
Total Travel	8,883	11,955
 OTHER EXPENSES		
Depreciation	10,721	9,962
Contract Labor	9,313	-
Taxes and Licenses	153	175
Total Other Expenses	20,187	10,137
 TOTAL ADMINISTRATIVE EXPENSES	 \$ 85,382	 \$ 77,400

The accompanying notes are an integral part of these financial statements.

OEDC LAND CORPORATION
STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31	
	2006	2005
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 198,605	\$ 411,190
Investments	301,203	-
Accounts Receivable	3,003,196	125,000
Accrued Interest Receivable	1,072	-
Prepaid Expenses	1,532	17,514
Total Current Assets	3,505,608	553,704
Fixed Assets:		
Equipment	2,174	2,174
Less: Accumulated Depreciation	906	181
Assets Held for Future Sale	159,810	-
Net Fixed Assets	161,078	1,993
TOTAL ASSETS	\$ 3,666,686	\$ 555,697
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 13,403	\$ 14,716
Accrued Liabilities	356	8,917
Due to Ouachita Economic Development Corporation	-	13,909
Total Current Liabilities	13,759	37,542
TOTAL LIABILITIES	13,759	37,542
NET ASSETS		
Unrestricted	3,652,927	518,155
Total Net Assets	3,652,927	518,155
TOTAL LIABILITIES AND NET ASSETS	\$ 3,666,686	\$ 555,697

The accompanying notes are an integral part of these financial statements.

OEDC LAND CORPORATION
STATEMENTS OF ACTIVITIES

	FOR THE YEAR ENDED DECEMBER 31	
	2006	2005
UNRESTRICTED NET ASSETS		
Support		
Rent - American Red Cross	\$ -	\$ 308,000
Rent - State of Louisiana Dept. of Social Services	294,618	-
Interest Income	10,623	-
Transfer In From Ouachita Economic Development Corporatio	3,250,000	200,000
Damages Received from American Red Cross	-	225,000
	3,555,241	733,000
Total Unrestricted Support and Revenue		
EXPENSES		
Operating		
Personnel Costs	34,805	66,487
Loss From Sale of Assets	90,190	-
Total Operating Expenses	124,995	66,487
Administrative Expenses	295,474	148,358
Total Expenses	420,469	214,845
INCREASE (DECREASE) IN NET ASSETS	3,134,772	518,155
NET ASSETS - BEGINNING OF YEAR	518,155	-
NET ASSETS - END OF YEAR	\$ 3,652,927	\$ 518,155

The accompanying notes are an integral part of these financial statements.

OEDC LAND CORPORATION
SCHEDULES OF OPERATING EXPENSES

	FOR THE YEAR ENDED DECEMBER 31	
	<u>2006</u>	<u>2005</u>
PERSONNEL COSTS		
Wages and Salaries	\$ 32,164	\$ 60,303
Payroll Taxes	2,641	6,184
Total Personnel Costs	<u>34,805</u>	<u>66,487</u>
TOTAL OPERATING EXPENSES	<u>\$ 34,805</u>	<u>\$ 66,487</u>

The accompanying notes are an integral part of these financial statements.

OEDC LAND CORPORATION
SCHEDULES OF ADMINISTRATIVE EXPENSES

	FOR THE YEAR ENDED DECEMBER 31	
	2006	2005
OFFICE EXPENSES		
Telephone	\$ 1,406	\$ 109
Bank Charges	460	57
Dues	290	-
Utilities	99,515	46,223
Supplies	285	4,871
Security	49,713	34,614
Insurance - Office	9,929	6,843
Legal and Professional Fees	12,829	13,334
Total Office Expenses	174,427	106,051
 BUILDING & EQUIPMENT MAINTENANCE	 113,078	 40,245
 OTHER EXPENSES		
Depreciation	725	181
Management Fee	5,391	-
Miscellaneous	1,413	1,868
Taxes and Licenses	440	13
Total Other Expenses	7,969	2,062
 TOTAL ADMINISTRATIVE EXPENSES	 \$ 295,474	 \$ 148,358

The accompanying notes are an integral part of these financial statements.

OTHER INDEPENDENT AUDITORS' REPORT

MARTIN, HARRISON & SMALLWOOD, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

2808 KILPATRICK BLVD., P.O. BOX 4044 - MONROE, LA 71211-4044 - (318) 388-0500
302 DEPOT STREET, SUITE A - DELHI, LA 71232 - (318) 878-5573

Independent Auditors' Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements
Performed in Accordance with
Government Auditing Standards

June 29, 2007

The Board of Directors
Ouachita Economic Development Corporation

We have audited the consolidated financial statements of Ouachita Economic Development Corporation and affiliate as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 29, 2007. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the Louisiana Governmental Audit Guide, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Ouachita Economic Development Corporation and affiliate's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ouachita Economic Development Corporation and affiliate's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Ouachita Economic Development Corporation and affiliate's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management and employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

The Board of Directors
Ouachita Economic Development Corporation
June 29, 2007
Page Two

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of the section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ouachita Economic Development Corporation and affiliate's consolidated financial statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters involving the internal control over financial reporting that we have reported to management of the Ouachita Economic Development Corporation and affiliate in a separate letter dated June 29, 2007.

This report is intended solely for the information and use of the board of directors, management, and the agencies granting funds to the Corporation, others within the entity, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Martin, Harrison & Smallwood LLP

MARTIN, HARRISON & SMALLWOOD, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

2808 KILPATRICK BLVD., P.O. BOX 4044 - MONROE, LA 71211-4044 - (318) 388-0500
302 DEPOT STREET, SUITE A - DELHI, LA 71232 - (318) 878-5573

June 29, 2007

Board of Directors
Ouachita Economic Development Corporation
Monroe, Louisiana

We have audited the consolidated financial statements of the Ouachita Economic Development Corporation and affiliate as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 29, 2007. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Louisiana Government Audit Guide, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

As part of our examination, we have issued our report on the consolidated financial statements, dated June 29, 2007, and our report on internal control and compliance with laws, regulations, and contracts, and other matters dated June 29, 2007.

During the course of our examination, we became aware of the following matters, which represent suggestions for improved internal controls.

FINDING # 1

Our review of expenses revealed that detailed documentation was not always present on paid invoices.

RECOMMENDATION

All expenses should have detailed documentation attached.

FINDING #2

Our review of paid invoices revealed that authorization was not noted on some invoices when payment was made.

RECOMMENDATION

Upon payment of invoices, all paid invoices should be initialed that they were reviewed before payment was made.

FINDING #3

Upon reviewing the minutes of the affiliate (OEDC Land Corporation), it was noted that board members had been elected without Ouachita Economic Development Corporation's approval.

RECOMMENDATION

The replacement of the affiliate's (OEDC Land Corporation) board members should be done as prescribed by their bylaws.

FINDING #4

It came to our attention during our audit that one of the properties held in inventory that the Ouachita Economic Development Corporation was promoting for availability to increase economic development, was owned by a member of the board of directors.

RECOMMENDATION

This item has been listed in the audit report as a related party disclosure. We feel that the board needs to review their policies to prevent this type of arrangement from being construed as a conflict of interest.

FINDING #5

It was found during our audit, that two invoices were overpaid. The overpayment of these invoices resulted in a total amount of \$5,196.

RECOMMENDATION

We recommend that the Ouachita Economic Development Corporation and affiliate pursue the refunds of this money.

We are available to further explain the above findings and to help implement the recommendations. Please feel free to contact us at any time if we may be of any assistance. We appreciate the cooperation and courtesy extended to us during the course of the audit.

Respectfully,
MARTIN, HARRISON & SMALLWOOD, L.L.P.



Mike M. Martin
Certified Public Accountant



**Economic Development Corporation
Ouachita Parish, Louisiana**

1900 N. 18th Street; Suite 440
Monroe, LA 71201
Telephone: 318-387-0787 – Fax: 318-387-8529
www.oedc.org

June 29, 2007

Legislative Auditor
State of Louisiana
P. O. Box 94397
Baton Rouge, LA 70804-9397

RE: 2006 Audit Findings and Corrective Actions for OEDC

Dear Sir:

The certified public accounting firm of Martin Harrison & Smallwood, LLP, has completed the annual audit for the year ended December 31, 2006 and a copy has been forwarded to your office. There were five (5) findings in the audit that pertained to either the OEDC or its affiliate, the OEDC Land Corporation. The following are the findings and the actions that will be implemented by the OEDC to improve internal control. The OEDC Land Corporation will respond to its findings under separate cover.

FINDING #1: Our review of expenses revealed that detailed documentation was not always present on paid invoices.

CORRECTIVE ACTION: Action immediately taken on securing documentations. Missing documentations have been secured and placed in files.

FINDING #2: Our review of paid invoices revealed that authorization was not noted on some invoices when payment was made.

CORRECTIVE ACTION: All forthcoming and current invoices for 2007 will be reviewed and approved by an officer of the corporation. The invoices will be signed and dated indicating approval before payments are made.

FINDING #3: Upon reviewing the minutes of the affiliate (OEDC Land

Corporation), it was noted that board members had been elected without Ouachita Economic Development Corporation's approval.

CORRECTIVE ACTION: Action is being addressed under separate cover by the OEDC Land Corporation.

FINDING #4: It came to our attention during our audit that one of the properties held in inventory that the Ouachita Economic Development Corporation was promoting for availability to increase economic development was owned by a member of the board of directors.


CORRECTIVE ACTION: The Board of Directors at its next meeting will review its policies to correct this finding.

FINDING #5: It was found during our audit, that two invoices were overpaid. The overpayment of these invoices resulted in a total amount of \$5,196.

CORRECTIVE ACTION: Both overpayments have been identified and the business/organization receiving the payments has been alerted to overpayment. An invoice and a letter of request for refund has been produced and mailed.

If additional information is needed in response to these findings, please advise.

Sincerely,


John Schween
Chairman of the Board

OEDC Land Corporation

1900 North 18th Street • Suite 440
Monroe, Louisiana 71201

July 2, 2007

Via Fax
388-0583

Martin, Harrison & Smallwood, L.L.P.
Certified Public Accountants
2808 Kilpatrick Blvd.
Monroe, Louisiana 71201

Attn: Ms. Debra Cooper

Re: Audit of Ouachita Economic Development Corporation
and OEDC Land Corporation

Dear Ms. Cooper:

Thank you for meeting with me last week and reviewing the audit and the report on internal controls. I have met with Mr. Bill Kight, our Treasurer, and have reviewed and provided him with a copy of both documents. We will address your findings as applicable to us as follows:

FINDING #1

We were advised that this does not relate to the OEDC Land Corporation and therefore we offer no reply.

FINDING #2

As you are aware, we presently require two signatures on our check and the prepared check is attached to the invoice for which it is paying and is reviewed by both signors; however, as you request, we will have one of the signators who is familiar with the invoice, approve it at the same time.

FINDING #3

We have referred this to our counsel, Jack Laird of Dollar and Laird, for his review and comments. We would point out to you that seven members of our Board are either on the Executive Committee or the Board of the Ouachita Economic Development Corporation and constitute a majority of our Board. It is my understanding this incident involves the placement of Wade Bishop and Pat Regan on the Board during calendar year 2007. We will endeavor to consolidate all of this information and seek compliance.

July 2, 2007

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FINDING #4

We were advised that this does not relate to the OEDC Land Corporation and therefore we offer no reply.

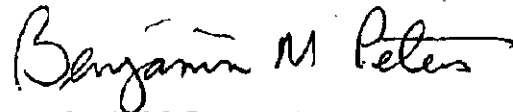
FINDING #5

It is my understanding that one of these invoices did belong to the OEDC Land Corporation in the form of a Simplex Fire Security/Alarm system and that a letter of refund has been made and is in process.

We sincerely appreciate your efforts noting these matters and will seek conformance therewith.

Respectfully submitted,

OEDC Land Corporation



Benjamin M. Peters, Chairman

cc: Ms. Paula Walker, OEDC Company Records
Via Fax 387-8529

Mr. Bill Kight, Treasurer
Via Fax 388-4514